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SUBJECT: JERUSALEM MEDIA REACTION (07/30): Palestinians look for next steps from US

Main Stories:

Al-Quds leads with news citing wires that Palestinian Authority (PA) Presidency Spokesperson Nabil Abu Rudeinah noted to the press on July 29 that he expects the next several weeks will be critical to US efforts to end the conflict in the region. Abu Rudeinah also stated that US Special Envoy George Mitchell's recent visit was extremely important because it will help the Obama administration identify its next steps in the region. Abu Rudeinah urged the US and the international community to keep working towards re-launching the peace process based on the Road Map, despite Israel's determination to pursue settlement construction.

Al-Quds's lead story continues with Arab diplomatic sources noting that Arab States are hesitant to undertake confidence building measures with Israel at the request of the US. The article notes that the London-based "Asharq Alawsat" daily quoted an Arab ministerial source saying that, "It is still premature to talk about these steps." In related news, Al-Quds runs a front page article citing AFP stating that Saudi Arabia will not recognize Israel until the latter withdraws from the Palestinian Territories and accepts the two-state solution.

Al-Quds front pages news citing Israeli TV Channel 10 that Israeli Prime Minister Benjamin Netanyahu issued orders to freeze the construction of 900 housing units in East Jerusalem due to US pressure.

Al-Ayyam and Al-Hayat Al-Jadida lead with news on Hamas denying reports that following Syrian intervention they have agreed to allow Fatah members residing in Gaza to attend the Fatah Party Congress

scheduled for August 4 in Bethlehem. The coverage also notes that Hamas arrested a number of Fatah members in Gaza who were supposed to attend. Fatah spokesperson Fahmi Zaarir noted on July 29 that if Hamas continues prohibiting Fatah members from getting out of Gaza, Fatah will be forced to take "hard decisions."

Al-Quds and Al-Hayat Al-Jadida front page news on PA Prime Minister Salam Fayyad's participation in the launch of the USAID-funded "Centers of Excellence," part of USAID's Palestinian Authority Capacity Enhancement (PACE) project. Fayyad noted in his opening remarks that the PA is intent on achieving effective reforms to PA institutions.

Al-Ayyam front pages news citing DPA on Israeli Prime Minister Benjamin Netanyahu's meeting with US National Security Advisor James Jones on July 29 in Tel Aviv, during which they discussed peace efforts in the region and the Iranian nuclear program. Netanyahu noted that the meeting was "useful." -----

BLOCK QUOTES:

1) Abdel Majid Sweilem opines in Al-Ayyam independent daily under the title, "Mitchell's recent visit" (07/30): "If the US will not exert serious pressure on Israel, and if the Palestinians will not return to negotiations without a complete cessation of settlement construction in the West Bank and Jerusalem, any discussions of permanent borders at this stage will be embarrassing to the US because neither party will be willing to discuss it."

2) Basem Abu Sumaya opines in Al-Hayat Al-Jadida official daily under

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the title "The Palestinian Authority and the donor community " (07/30): "The Palestinians will never have an independent state if they continue to rely on funding from donor countries every month...In order to avoid this crisis and build a state that is capable of operating on its own, we must set strong economic and financial policies that will provide internal revenue and stop us from relying on external support."

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